



PRESS RELEASE

February 1, 2007

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City Reduces Development Impact Fees by Committing Upwards of \$65 Million Infrastructure Projects

The City's Redevelopment Agency Board unanimously approved the reduction of Traffic Impact Fees as well as the elimination of Sewer Impact Fees in the Redevelopment Project Area. The reduced fees will become effective February 5, 2007.

The City recently amended its Redevelopment Agency Plan to increase the tax increment amount by \$333 Million. The City now plans to commit about \$65 Million of this amount on future infrastructure projects, which supports the Redevelopment Agency's Policy to give preference to the construction and installation of public improvements and infrastructure to offset the general cost of development in the Redevelopment Project Area. The Redevelopment Agency Board decided to fund these specific infrastructure improvements to remove what has been cited as an inhibitor to private development and rehabilitation within the Redevelopment Agency Project Area.

The City charges Traffic Impact Fees based on the incremental impact new development is expected to have in the City's road network. These funds are then used to fund 35 specific projects worth approximately \$60 Million (based on 2002 estimates) identified in the 2002 Traffic Impact Fee Study conducted by DMG Maximus. From this list, the Redevelopment Agency has committed to fund 14 projects located within, or directly benefiting the Redevelopment Project Area, therefore reducing the amount new development must pay in Traffic Impact Fees. The current estimated cost of these projects is approximately \$45 Million. This means a new single family residential unit which would have paid \$3,181 in Traffic Impact Fees under the old fee schedule would now be assessed \$1,383, representing a savings of 56.5%. Commercial and industrial development will see the same reduction in Traffic Impact Fees as the current fee of \$3,160 per peak hour trip will be reduced to \$1,383 under the new fee structure. For industrial development, a typical 40,000 sq. ft. R&D building would now pay about \$41,000 in traffic impact fees versus \$94,000.

The list of traffic improvement projects to be funded by the Redevelopment Agency includes the widening of Tennant Avenue at the Highway 101 over crossing, extension of Butterfield Boulevard south to Watsonville Road, median and landscaping improvements on Monterey Road, extension of Santa Teresa Boulevard from Main Street to Spring Street and various other road improvements.

Similar to Traffic Impact Fees, Sewer Impact Fees are charged to new development to finance the expansion of the waste water treatment facility to expand sewer capacity. The City's Redevelopment Agency will spend up to an estimated \$20 Million to purchase the sewer capacity needed to accommodate future growth within the Redevelopment Project Area thru 2020. This means all new commercial and industrial development within the Redevelopment Project Area and residential development within the downtown Residential Development Control System boundary will no longer pay Sewer Impact Fees to the City through the year 2020. Under the previous Sewer Rate Fee Schedule, a single family residential unit would have been expected to pay \$9,060, while commercial and industrial development are charged \$31.01 per gallon per day. A typical 40,000 square feet R&D development would previously pay about \$66,000 in sewer impact fees. Now that fee is \$0. New development occurring outside the Redevelopment Agency Plan Area boundaries will still be subject Sewer Impact Fees.

The table below illustrates the effect reduced Traffic and Sewer Impact Fees will have on various types of new development.

COMPARISON OF TRAFFIC AND SEWER IMPACT FEES

Type of Development		Previous Fees	New Fees	In \$/Sq. Ft.	Savings
Residential (single family located in downtown RDCS area within the Project Area)	Traffic	\$ 3,181	\$ 1,383	n/a	\$ 1,798
	Sewer	\$ 9,060	\$ -		\$ 9,060
Residential (single family)	Traffic	\$ 3,181	\$ 1,383	n/a	\$ 1,798
	Sewer	\$ 9,060	\$ 9,060		\$ -
					\$ -
Sit Down Restaurant (5,000 sq. ft.) in project area	Traffic	\$ 107,199	\$ 46,607	\$ 9.32	\$ 60,592
	Sewer	\$ 74,424	\$ -		\$ 74,424
					\$ -
Retail Center (20,000 sq. ft.) in project area	Traffic	\$ 155,233	\$ 67,490	\$ 3.37	\$ 87,742
	Sewer	\$ 65,741	\$ -		\$ 65,741
					\$ -
Commercial/Office (40,000 sq. ft.) in project area	Traffic	\$ 189,588	\$ 82,427	\$ 2.06	\$ 107,161
	Sewer	\$ 115,357	\$ -		\$ 115,357
					\$ -
Manu/Light Industrial (40,000 sq. ft.) in project area	Traffic	\$ 94,158	\$ 40,937	\$ 1.02	\$ 53,221
	Sewer	\$ 65,741	\$ -		\$ 65,741

Note: Proposed fees within the Redevelopment Project Area.
Fees are based on typical developments